

**From:** [Cindy Kennedy](#)  
**To:** [NASAA Comments](#)  
**Cc:** [Theresa Leets](#); [bill.beatty@dfi.wa.gov](mailto:bill.beatty@dfi.wa.gov); [Erin Houston](#)  
**Subject:** [EXTERNAL]NASAA Model Act  
**Date:** Thursday, June 13, 2024 10:40:56 PM

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Dear NASAA Team,

My name is Cindy Kennedy. I am a franchise broker with extensive experience in the franchise industry. I am writing to provide feedback on the NASAA Model Franchise Broker Registration Act.

While the intention to ensure ethical practices in franchise brokering is commendable, the current draft of the Model Act introduces complexities that might inadvertently hinder the franchise sales process. Below are my observations and suggestions:

**Section 4(1)**

A franchise broker and franchise broker representative must apply for registration by filing with the director (i) a completed application in a form the director prescribes by rule or otherwise, (ii) a consent to service of process, (iii) an irrevocable consent to jurisdiction and venue in the state, and (iv) the fee prescribed by Section 8.

The main concern here is part (iii) of section 4(1). Part (iii) creates a waiver of the broker's and franchise broker representative's right to defend themselves in a forum convenient to all parties. Part (iii) obligates the franchise broker and the franchise broker representative to travel, no matter how far or inconvenient, to another jurisdiction and venue to defend themselves in the event of litigation.

If franchise brokers would have to travel to the state of the claim to defend themselves, or their franchise broker represent, this would create an undue hardship.

**Section 4(4)**

The director may require by rule or otherwise that a franchise broker or franchise broker representative meet certain financial or insurance requirements.

Financial and insurance requirements are an unnecessary barrier to entering the industry. With a new barrier to entry, the industry will likely decrease, and interest in business concepts to pursue franchising will lessen. Fewer franchise brokers will enter the market and some franchise brokers will have to leave the market due to not being capable obtaining insurance.

Please, consider removing the financial and insurance requirements altogether as it is discriminatory to those entering the field and reduces competition.

**Section 4(5)(a)**

Has willfully violated or willfully failed to comply with any provision of this act or any rule or order under this act...

Compliance is exhaustive under the current proposal and would be difficult to execute. Changing other previously stated language would mitigate any needed amendments to this.

The Model Act should protect prospective franchisees while fostering an environment conducive to ethical franchise brokering. The current draft introduces complexities that could discourage potential franchisees and impose undue burdens on brokers and franchisors. I urge the NASAA to consider these suggestions to develop a more balanced and effective regulatory framework.

Thank you for considering my comments. I am open to further discussions and clarifications. Please feel free to contact me.

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Warmest Regards,



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